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FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

AUG 2 - 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of

Federal-State Joint Board on  
Universal Service

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DOCKET FILE COPY ORIGINAL

CC Docket No. 96-45

AMERITECH'S FURTHER COMMENTS

Michael J. Karson

Counsel for Ameritech  
Room 4H88  
2000 West Ameritech Center Dr.  
Hoffman Estates, IL 60196-1025  
(847) 248-6082

Dated: August 2, 1996

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Ameritech respectfully offers the following further comments on the universal service questions posed by the Commission's Common Carrier Bureau in the Public Notice released in this docket on July 3, 1996.

**I**

**INTRODUCTION AND SUMMARY**

The Commission initiated this docket on March 8, 1996 when it released a Notice of Proposed Rulemaking ("NPRM") and solicited views on a wide variety of important issues relating to proposed changes in the Commission's universal service rules and regulations, changes which are intended to implement the new directives of the Telecommunications Act of

1996 (sometimes referred to as the "Act").<sup>1</sup> Coincident with the release of the NPRM, the Commission also established a Federal-State Joint Board to make recommendations with respect to the issues raised in the NPRM. Initial comments on the NPRM and replies were filed on April 12 and May 7, 1996, respectively.

Now, having reviewed those initial and reply comments, "the Common Carrier Bureau, at the request of the staff of the Federal-State Joint Board, seeks further comment on [72] specific issues relating to the subjects previously noticed in this proceeding [in the NPRM]."<sup>2</sup> In these further comments, Ameritech will address those 72 issues in seriatim, and under the classifications listed in the Public Notice.

As it resolves the issues raised in the July 3 Public Notice, and those raised in the original NPRM, the Commission must embrace an approach to universal service that is sustainable over the long term in a competitive telecommunications marketplace. This will require the elimination of implicit subsidies and the rebalancing of rates (especially for local exchange service) to reflect the actual cost of providing service.<sup>3</sup> It will also require that all carriers receiving universal service support for the benefit of their

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<sup>1</sup> Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996)(to be codified at 47 U.S.C. secs. 151 et seq.).

<sup>2</sup> Public Notice at 1.

<sup>3</sup> If this rebalancing makes "core" services unaffordable for some customers, then those customers should be eligible for targeted, explicit subsidies which are supported by all telecommunications providers.

customers must bear the same obligations for which the support was intended.<sup>4</sup> Unless these two things occur, the Commission will be unable to achieve its goals for universal service, or implement the pro-competition tenants of the Telecommunications Act of 1996.

It is difficult to summarize the specific answers to the 72 distinct questions posed in the Public Notice, but the principles underlying the Ameritech's answers can be summarized as follows:

- \* Universal service policy must be sustainable with government's pro-competition policy.
- \* Prices must be restructured to eliminate implicit subsidies.
- \* Subsidies should only fund basic "core" services and should be targeted for the benefit of only those individuals who in fact need assistance to stay on the network.
- \* Explicit subsidies must be funded in a competitively neutral manner and administered by a neutral third party.
- \* Unilateral requirements must be applied symmetrically to all providers.
- \* For bilateral requirements, compensation must be paid only to those providers bearing the requirement.
- \* The methodology for quantifying the amount of universal service funding must strike a reasonable balance between its ability to prevent "gaming" of the regulatory process, on the one hand, and its degree of precision and the level of administrative costs, on the other.

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<sup>4</sup> Unless there is regulatory symmetry among telecommunications providers in the marketplace, competition cannot be sustained over the long run.

Ameritech identified these principles in its initial and reply comments on the NPRM, and explained how they should be applied in this docket. If the Commission reflects these principles in its decision on the 72 questions posed in the Public Notice, it will have its best opportunity to achieve the goals and policies for universal service in satisfaction of the requirements of the Act.

### **DEFINITIONS ISSUES**

1. **IS IT APPROPRIATE TO ASSUME THAT CURRENT RATES FOR SERVICES INCLUDED WITHIN THE DEFINITION OF UNIVERSAL SERVICE ARE AFFORDABLE, DESPITE VARIATIONS AMONG COMPANIES AND SERVICE AREAS?**

Yes. The national household penetration rate of nearly 94% and the national availability rate of nearly 95% suggest very strongly that the services which would be eligible for universal service support under the Commission's proposal<sup>5</sup> are generally "affordable" by any reasonable measure. The same can be said even at the lowest household penetration rate in the various states, i.e. nearly 85% in the state of New Mexico; in other words, it is not unreasonable to conclude that "core" telephone services are generally affordable when at least 85% of households subscribe to those services. And it should be noted that only three states have household penetration rates below 90%.

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<sup>5</sup> In the NPRM, the Commission proposes that universal service support should be available for the following set of "core" services: single party, voice-grade telephone service, touch-tone, access to emergency service (911 and E911) and access to operator services. NPRM at para. 18-23.

It is no accident that Americans enjoy a relatively high penetration rate for basic local exchange service. Historically, state regulatory commissions have implicitly considered "affordability" as one of the unwritten criteria of what constituted a "just and reasonable" rate for basic local exchange service long before that criteria was written into the Telecommunications Act of 1996. Thus, it is appropriate to assume that, overall, basic local exchange rates are affordable.

Various studies<sup>6</sup> show, however, that there are certain demographic groups for which penetration rates are significantly lower, and that the most reliable indicators of lower penetration rates are variables related to income. Improvements in penetration rates for such groups should be addressed through targeted assistance, such as low income assistance, or non-rate remedies, such as voluntary toll blocking programs. However, general rate levels should not be decreased for all customers in order to address the affordability issue for these demographic groups.

On the other hand, basic local exchange rates in some areas of the nation are, in fact, too low. This is true, for example, in high cost areas where basic local exchange rates are less than the nationwide average rate. In those

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<sup>6</sup> Mueller, M., & Schement, J. (1995) "Universal Service From the Bottom Up: A Profile of Telecommunications Access in Camden, New Jersey." Research Performed for Bell Atlantic by Rutgers University Project on Information Policy.

areas, at least, rates obviously have been subsidized at greater levels than justified by simply the relative high-cost characteristics of the geographic area.

**2. TO WHAT EXTENT SHOULD NON-RATE FACTORS, SUCH AS SUBSCRIBERSHIP LEVEL, TELEPHONE EXPENDITURES AS A PERCENTAGE OF INCOME, COST OF LIVING, OR LOCAL CALLING AREA SIZE BE CONSIDERED IN DETERMINING THE AFFORDABILITY AND REASONABLE COMPARABILITY OF RATES?**

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Non-rate factors may or may not bear on the affordability and reasonable comparability of rates. For example, as mentioned in answer 1, it is difficult to understand how basic local exchange service is not generally affordable when 85% to 98.3% of households, depending on the state, already have subscribed to the service. On the other hand, there are households that do not subscribe to telephone service even though they could afford to do so, e.g. households which for social or religious reasons do not use telephones.

In addition, total telephone expenditures as a percentage of income historically has been an indicator of affordability, but as society becomes more information and communications intensive, the percentage of income spent on telecommunications services may likely increase without necessarily indicating an affordability problem. For example, as customers do more "telecommuting" their expenditures on automobile-related costs may be reduced.

It may be rational to conclude that the cost of living may impact the affordability of "core" telephone service, but it is not therefore rational to distribute universal service assistance on that basis when the high cost area is also a relatively high income area, as well.

Likewise, it may be rational to conclude that there is a relationship between local calling area size, on the one hand, and affordability and reasonable comparability of rates, on the other; but, it is not a relationship worth studying when customers are willing to pay more for cable television service than they are paying for basic local exchange telephone service.

The point is this: there may be non-rate factors which bear on the affordability and reasonable comparability of rates, but the nature and effect of that relationship has not been made clear enough on the record in this docket to conclude that any of those factors should be a basis for allocating universal service support. Before deciding whether non-rate factors should be used for that purpose, Ameritech suggests that the Commission undertake an empirical study on the impediments to subscribership. Once that analysis is completed, the Commission would be in a better position to evaluate whether non-rate factors bear on the affordability and reasonable comparability of rates.

**3. WHEN MAKING THE "AFFORDABILITY" DETERMINATION REQUIRED BY SECTION 254(i) OF THE ACT, WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF USING A SPECIFIC NATIONAL BENCHMARK RATE FOR CORE SERVICES IN A PROXY MODEL?**

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Before answering this question, a small caveat is in order. The determination required by Section 254(i) is not limited to "affordability." Section 254(i) says that "[t]he Commission and the States should ensure that universal service is available at rates that are just, reasonable, and affordable." Although not entirely clear, the implication of question 3 is that "affordability" is the only requirement in Section 254(i), and that a determination of rate "affordability" can be made wholly apart from the determination of what rate is "just and reasonable." That is not consistent with the plain language of Section 254(i).

The advantages and disadvantages of a specific national benchmark rate for core services in a proxy model depend on how the model is used. For example, the model could be used to identify high cost areas. If used for this purpose, the main advantage of the proxy model is that its use would likely decrease the incentives a company would have to "game" the regulatory process simply in order to become eligible for high cost support. If the reasonableness of a proxy model were demonstrated on the public record, Ameritech would support the use of such a model for the purpose of identifying high cost areas.

Some have suggested, however, that a proxy model should be used, not simply for the limited purpose of identifying high cost areas, but to quantify the amount of high cost assistance. Ameritech opposes the use of a proxy model for that purpose. A proxy model, by definition, is based on averages. Therefore, a proxy model will be most inaccurate for "outliers," which tend to be high cost areas. This is a significant deficiency that more than outweighs the advantages of the simplicity implicit in any proxy model.

4. **WHAT ARE THE EFFECTS ON COMPETITION IF A CARRIER IS DENIED UNIVERSAL SERVICE SUPPORT BECAUSE IT IS TECHNICALLY INFEASIBLE FOR THAT CARRIER TO PROVIDE ONE OR MORE OF THE CORE SERVICES?**

This question posits the situation where some carriers are able to provide the services which the Commission defines as core and thus receive universal service support, but other carriers are not able to provide one or more core services because it is not technically feasible to do so and, therefore, are not eligible for universal service support. Of course, if it is infeasible for any carrier to provide the services which the Commission defines as "core" then the definition of "core" service itself is a barrier to entry that adversely affects competition. Assuming that the core service is generally feasible, then it is not entirely clear how it would be infeasible for a particular telecommunications carrier to provide that core service given the general availability of resale opportunities. And it is equally unclear whether a state

regulatory commission would grant a certificate of operating authority to a telecommunications carrier that was unable to provide a generally available core service to the public.

Nevertheless, if a carrier cannot provide one or more core services, for technical reasons or otherwise, that carrier is not<sup>7</sup> (and should not be) eligible for universal service support. That does not adversely affect competition. Indeed, the opposite would be true: competition would be adversely affected if a carrier not providing one or more core services is still eligible for financial aid which is designed to support core services, particularly when that carrier is competing with others who are providing core services in accordance with the rules. Ameritech believes that universal service support should be available only to those carriers which actually provide the "core" services for which universal service support was intended. That is the kind of symmetry Congress determined was necessary to promote competition.

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<sup>7</sup> Section 254(e) of the Telecommunications Act of 1996 provides, in part, as follows: "A carrier that receives such [universal service] support shall use that support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended."

5. **A NUMBER OF COMMENTERS PROPOSED VARIOUS SERVICES TO BE INCLUDED ON THE LIST OF SUPPORTED SERVICES, INCLUDING ACCESS TO DIRECTORY ASSISTANCE, EMERGENCY ASSISTANCE, AND ADVANCED SERVICES. ALTHOUGH THE DELIVERY OF THESE SERVICES MAY REQUIRE A LOCAL LOOP, DO LOOP COSTS ACCURATELY REPRESENT THE ACTUAL COST OF PROVIDING CORE SERVICES? TO THE EXTENT THAT LOOP COSTS DO NOT FULLY REPRESENT THE COSTS ASSOCIATED WITH INCLUDING A SERVICE IN THE DEFINITION OF CORE SERVICES, IDENTIFY AND QUANTIFY OTHER COSTS TO BE CONSIDERED.**
- 

The cost of a loop is the cost of the loop. To the extent a loop is used to provide a telecommunications service, the cost of that service includes the cost of the loop. However, under no circumstances does the cost of the loop reflect the only cost of providing that service. The total cost, by definition, must reflect not only loop cost, but other joint, common, and residual costs associated with that service, as well. For example, the cost of single party, voice-grade telephone service includes not only the cost of the loop, but also a portion of the cost of the local switch, as well as maintenance, other joint and common costs and residual costs. The nature and specific amount of these other costs will vary based on the particular service or group of services.

#### **SCHOOLS, LIBRARIES, HEALTH CARE PROVIDERS**

6. **SHOULD THE SERVICES OR FUNCTIONALITIES ELIGIBLE FOR DISCOUNTS BE SPECIFICALLY LIMITED AND IDENTIFIED, OR SHOULD THE DISCOUNT APPLY TO ALL AVAILABLE SERVICES?**

The answer to this question can be found in the language of the act.

Section 254(h)(1)(A) of the act, relating to health care providers for rural areas, provides inter alia as follows:

A telecommunications carrier shall, upon receiving a bona fide request, provide telecommunications services which are necessary for the provision of health care services in a State, including instruction relating to such services, to any public or nonprofit health care provider that serves persons who reside in rural areas in that State at rates that are reasonably comparable to rates charged for similar services in urban areas in that State.

(emphasis added). Likewise, Section 254(h)(1)(B) of the Act, relating to educational providers and libraries, provides inter alia as follows:

All telecommunications carriers serving a geographic area shall, upon a bona fide request for any of its services that are within the definition of universal service under subsection (c)(3), provide such services to elementary schools, secondary schools, and libraries for educational purposes at rates less than the amounts charged for similar services to other parties.

(emphasis added). Thus, services and functionalities eligible under the Act for discounts do not include "all available services". Rather, for public or nonprofit health care providers, the services eligible for a discount are those "telecommunications services which are necessary for the provision of health care services in a State, including instruction relating to such services ... "

And for educational providers and libraries, the services eligible for a discount are those "that are within the definition of universal service under subsection (c)(3) ... "

7. DOES SECTION 254(h) CONTEMPLATE THAT INSIDE WIRING OR OTHER INTERNAL CONNECTIONS TO CLASSROOMS MAY BE ELIGIBLE FOR UNIVERSAL SERVICE SUPPORT OF TELECOMMUNICATIONS SERVICES PROVIDED TO SCHOOLS AND LIBRARIES? IF SO, WHAT IS THE ESTIMATED COST OF THE INSIDE WIRING AND OTHER INTERNAL CONNECTIONS?

The answer to the first part of this question is "no." The plain language of Section 254(c)(1), which sets out the definitional characteristics of universal service, provides inter alia as follows:

The Joint Board in recommending, and the Commission in establishing, the definition of the services that are supported by Federal universal service support mechanisms shall consider the extent to which such telecommunications services ...

(emphasis added). The term "telecommunications service" is defined in Section 3 (46) of the Act by reference to "telecommunications," a term which is defined in Section 3 (43) as "the transmission ... of information of the user's choosing, without change in the form or content of the information as sent and received." (emphasis added). That definition does not include inside wire and other internal connections to classrooms, any more than it includes customer premises equipment.

Section 254(c)(3) allows the Commission to designate additional services for universal service support for purposes of Section 254(h) when it

comes to school, libraries and health care providers. However, Section 254(h)(1)(B) speaks to the provision by a telecommunications carrier of "its services" to educational providers and libraries. Inside wire and connections on the customers' side of the demarcation point, by definition, cannot constitute such services.

If the Commission wants to promote the deployment of inside wire or connections on the customers' side of the network demarcation point, it must provide for advanced telecommunications incentives under Section 706 and rely on the National Education Technology Funding Corporation under Section 708.

Some estimates of the cost to provide connections to and within schools are attached as Attachments A-1, A-2, B-1, B-2 and C.

8. **TO WHAT EXTENT SHOULD THE PROVISIONS OF SECTIONS 706 AND 708 BE CONSIDERED BY THE JOINT BOARD AND BE RELIED UPON TO PROVIDE ADVANCED SERVICES TO SCHOOLS, LIBRARIES AND HEALTH CARE PROVIDERS?**

None. Advanced services for schools, health care providers and libraries are addressed in Section 254(h)(2) ("Advanced Services"), not Sections 706 and 708.

Section 254(h)(2) provides inter alia that:

The Commission shall establish competitively neutral rules --  
(A) to enhance, to the extent technically feasible and economically reasonable, access to advanced telecommunications and information services for all public and nonprofit elementary and secondary school classrooms, health care providers, and libraries ... .

On the other hand, Section 706 describes actions the Commission can take to "encourage the deployment ... of advanced telecommunications capability ..." (emphasis added) and Section 708 addresses how the National Education Technology Funding Corporation can "leverage resources and stimulate private investment in education technology infrastructure". See Section 708 (a)(1)(C)(i). (emphasis added).

9. HOW CAN UNIVERSAL SERVICE SUPPORT FOR SCHOOLS, LIBRARIES, AND HEALTH CARE PROVIDERS BE STRUCTURED TO PROMOTE COMPETITION?

The best way to ensure that universal support mechanisms promote competition is for the Commission to require that every telecommunications provider contribute on an equitable and nondiscriminatory basis to the universal service fund as they are required by Section 254 (d), and to direct universal service support only to those telecommunications providers which shoulder the same universal service obligations.

All technologies and eligible providers should have an equal opportunity to earn the business of a school, library or health care provider. The best way to ensure this result is to give the responsible officer in the school, library or health care facility as much discretion as possible in selecting the service they think will best suit their individual needs.

10. **SHOULD THE RESALE PROHIBITION IN SECTION 254(h)(3) BE CONSTRUED TO PROHIBIT ONLY THE RESALE OF SERVICES TO THE PUBLIC FOR PROFIT, AND SHOULD IT BE CONSTRUED SO AS TO PERMIT END USER COST BASED FEES FOR SERVICES? WOULD CONSTRUCTION IN THIS MANNER FACILITATE COMMUNITY NETWORKS AND/OR AGGREGATION OF PURCHASING POWER?**

The language of Section 254(h)(3) is plain and unambiguous:

Telecommunications services and network capacity provided to a public institutional telecommunications user under this subsection may not be sold, resold, or otherwise transferred by such user in consideration for money or any other thing of value.

There is no need to "construe" this statutory provision because it is clear enough on its face. Any "end user cost based fees" arrangement of the type described in Question 10 would constitute the transfer of the service in consideration for money or another thing of value and, therefore, would be a clear violation of Section 254(h)(3).<sup>6</sup>

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<sup>6</sup> Public institutions, like other customers, typically are eligible today for volume and term discounts under tariff.

11. **IF THE ANSWER TO THE FIRST QUESTION IN NUMBER 10 IS "YES," SHOULD THE DISCOUNTS BE AVAILABLE ONLY FOR THE TRAFFIC OR NETWORK USAGE ATTRIBUTABLE TO THE EDUCATIONAL ENTITIES THAT QUALIFY FOR THE SECTION 254 DISCOUNTS?**
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The answer to Question 10 is "no."

12. **SHOULD DISCOUNTS BE DIRECTED TO THE STATES IN THE FORM OF BLOCK GRANTS?**
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Discounts under the Act potentially could take various forms. For example, discounts could be effectuated through a percent reduction in a bill, coupons, rebates, or "block grants." The concept of a "block grant" is sometimes referred to as "funds to schools." A block grant approach (unlike, perhaps, a percent discount) has the potential benefit of being predictable, a principle which underlies Section 254. There are numerous issues associated with this approach which would have to be addressed and resolved on the public record. For example, how would block grants be implemented in a manner that satisfies the provisions of the Act which relates to discounts for schools and libraries? How would the fund in the block grant be sized? How would the fund be administered? These and other related issues need to be explored. But, the underlying concept may prove to be a reasonable approach to fulfilling the requirements of Section 254 as they relate to schools and libraries.

13. **SHOULD DISCOUNTS FOR SCHOOLS, LIBRARIES, AND HEALTH CARE PROVIDERS TAKE THE FORM OF DIRECT BILLING CREDITS FOR TELECOMMUNICATIONS SERVICES PROVIDED TO ELIGIBLE INSTITUTIONS?**

That would be a simple and direct method.

14. **IF THE DISCOUNTS ARE DISBURSED AS BLOCK GRANTS TO STATES OR AS DIRECT BILLING CREDITS FOR SCHOOLS, LIBRARIES, AND HEALTH CARE PROVIDERS, WHAT, IF ANY, MEASURES SHOULD BE IMPLEMENTED TO ASSURE THAT THE FUNDS ALLOCATED FOR DISCOUNTS ARE USED FOR THEIR INTENDED PURPOSES?**

Verification that universal service funds are used only as authorized is a legitimate concern given the potential for fraud. If direct payments are used, it would not be unreasonable to require the school principal, librarian or health care provider's financial officer to sign a personal, sworn attestation that the funds have been used as provided in the Act. A copy of that attestation should be made public and available to the telecommunications carrier that provided the service.

15. **WHAT IS THE LEAST ADMINISTRATIVELY BURDENSOME REQUIREMENT THAT COULD BE USED TO ENSURE THAT REQUESTS FOR SUPPORTED TELECOMMUNICATIONS SERVICES ARE BONA FIDE REQUESTS WITHIN THE INTENT OF SECTION 254(H)?**

The best way to ensure that the request is bona fide is have the requester put some of its own money at risk. Administrative costs could be

reduced if the carrier provided eligible services at a discount and then made the corresponding off-sets to its payment to the universal service fund.

16. WHAT SHOULD BE THE BASE SERVICE PRICES TO WHICH DISCOUNTS FOR SCHOOLS AND LIBRARIES ARE APPLIED: (A) TOTAL SERVICE LONG-RUN INCREMENTAL COST; (B) SHORT-RUN INCREMENTAL COSTS; (C) BEST COMMERCIALY-AVAILABLE RATE; (D) TARIFFED RATE; (E) RATE ESTABLISHED THROUGH A COMPETITIVELY-BID CONTRACT IN WHICH SCHOOLS AND LIBRARIES PARTICIPATE; (F) LOWEST OF SOME GROUP OF THE ABOVE; OR (G) SOME OTHER BENCHMARK? HOW COULD THE BEST COMMERCIALY-AVAILABLE RATE BE ASCERTAINED, IN LIGHT OF THE FACT THAT MANY SUCH RATES MAY BE ESTABLISHED PURSUANT TO CONFIDENTIAL CONTRACTUAL ARRANGEMENTS?
- 

The discount should be based on the carrier's rate which is generally available to all customers, based on tariff, price list or other public document<sup>9</sup> and the beneficiary of the discount should be the one to decide which telecommunications service to obtain. As long as the beneficiary of the discount, having shopped around in the market, is satisfied with its after-discount price, that should be sufficient for the Commission.

The use of TSLRIC or short-run incremental costs to establish base service prices is inappropriate. Such cost standards may be properly used in the context of determining whether there is economic cross-subsidization between or among services. However, such cost standards are inappropriate

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<sup>9</sup> The concept of a "discount" is normally associated with "price" not "cost." And there is nothing in the Telecommunications Act of 1996 which suggests that the Congress intended that any universal service discount should be based on cost.

for setting prices of services, such as the prices for services to schools and libraries. In fact, if a multiproduct firm prices each of its services at incremental costs, it eventually will be driven out of business if it cannot recover its shared and common costs.

Use of the "best commercially-available" rate would not be reasonable because that would require a carrier to disclose the rates of some of its more competitively sensitive contracts and would require the carrier to continually track exactly what is offered under special contractual arrangements so as to ensure an "apples to apples" comparison with what is provided to schools and libraries.

**17. HOW SHOULD DISCOUNTS BE APPLIED, IF AT ALL, FOR SCHOOLS AND LIBRARIES AND RURAL HEALTH CARE PROVIDERS THAT ARE CURRENTLY RECEIVING SPECIAL RATES?**

If a customer eligible under the Act for a discount has already subscribed to a telecommunications service and is receiving a special rate pursuant to a special arrangement, including a special tariff, then the terms and conditions of that special arrangement continue to govern. There is nothing in the Act to suggest otherwise. Once that special arrangement expires, then the customer can take advantage of its opportunities for discounts under the Act.

- 18. WHAT STATES HAVE ESTABLISHED DISCOUNT PROGRAMS FOR TELECOMMUNICATIONS SERVICES PROVIDED TO SCHOOLS, LIBRARIES, AND HEALTH CARE PROVIDERS? DESCRIBE THE PROGRAMS, INCLUDING THE MEASURABLE OUTCOMES AND THE ASSOCIATED COSTS.**
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The discount programs established in Ameritech's midwest region are discussed in Attachment D.

- 19. SHOULD AN ADDITIONAL DISCOUNT BE GIVEN TO SCHOOLS AND LIBRARIES LOCATED IN RURAL, INSULAR, HIGH-COST AND ECONOMICALLY DISADVANTAGED AREAS? WHAT PERCENTAGE OF TELECOMMUNICATIONS SERVICES (E.G., INTERNET SERVICES) USED BY SCHOOLS AND LIBRARIES IN SUCH AREAS ARE OR REQUIRE TOLL CALLS?**
- 

Section 254(h)(1)(B) of the Act provides for discounts to schools and libraries but does not provide for an additional level of discounts for schools and libraries located in rural, insular, high-cost and/or economically disadvantaged areas and it is not clear that data is available to identify schools and libraries based on the criteria set out in Question 19. Until that data is collected and analyzed on the public record, the Commission should not even consider proposing such an additional discount program.